

**STATE OF CALIFORNIA**  
**TRADE AND COMMERCE AGENCY**  
**RURAL ECONOMIC DEVELOPMENT INFRASTRUCTURE**  
**PROGRAM**  
**(REDIP)**

**PREAPPLICATION**

**IMPORTANT  
PLEASE READ FIRST**

More that 50% of the pre-applications received recently in the REDIP program have an ineligible borrower, project, source of repayment or private development. In order to save you time, please make certain that you comply with all of the following:

1. **ELIGIBLE BORROWER:** Public agency within rural community. Nonprofit organizations are not eligible. Please check the attached definition of borrower to ensure that the public agency is within an eligible area.
- 2, **PROJECT:** Publicly owned infrastructure required for the construction or operation of a private development. In most cases that means that the construction or use permit for the private development contain a requirement that the project be completed.
3. **SOURCE OF REPAYMENT:** Unless your community has lease obligations currently rated by Standard & Poor's Rating Group, the source of repayment must be a water enterprise fund, a sewer enterprise fund or, if the borrower is a redevelopment agency, a tax increment fund. You can not use a water or sewer enterprise fund to repay a loan used to build roadways.
4. **PRIVATE DEVELOPMENT:** A private sector company which requires the project in order to build a development which will retain or create employment. The development can be a new facility, or remodeling of an existing facility . Housing is not an eligible private development. Except for development sites, the company providing the private development must provides a binding commitment letter as part of the application. In some cases, an industrial park, incubator or other area providing a unique development space may be eligible. Please read the definition of development site, and contact me to discuss the possible use of the concept.

Remember, you must be able to comply with all of the above in order to be eligible under the REDIP program. Please give me a call if you have any questions about eligibility, or other aspects of the REDIP program and this pre-application.

Sincerely,

Venoo Chisholm  
REDIP Manager

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**PREFACE**

The following request for preliminary review of Project Eligibility has been prepared to determine eligibility of the project for funding under the Rural Economic Development Infrastructure Program (REDIP).

**AVAILABLE FUNDING AND PROJECTS**

All funds available for loans are divided in the following three categories:

- (1) Bond Proceeds;
- (2) Funds other than Bond proceeds subject to Bond restrictions; and
- (3) Funds not subject to Bond restrictions.

Only Enterprise Fund Loans, Redevelopment Agency Loans and leases will be made from the bond proceeds. The leases will only be approved if the borrower has lease transactions with a rating from Standard and Poor's Rating Group. The maximum amount of any loan will be \$1,000,000. It is anticipated that \$6,030,000 of bond proceeds and \$3,500,000 of other funds will be available for category (1) and (2). Category (3) loans will consist of non-rated leases to finance non-enterprise fund projects by Borrowers other than redevelopment agencies. At this time, funds for projects in category (3) are not available. The interest rate for all loans will be consistent with the most recent bond issue. It is 6.5% for this round of loans. The term of category (1) loans will be 15 years (amortized up to year 2009). Category (2) loans will be 20 years, but no category (2) loans can be made while category (1) funds remain. Loan funds can only be used to finance a project required in order for a private development to expand or retain employment.

The only cost to the REDIP loan borrower is \$4,478 per \$100,000 borrowed to cover the cost of bond issuance. The borrower will establish a reserve account equal to the 10% of the loan amount.

In responding to questions, please provide the most complete and accurate information currently available. If an applicant's complete response to a question would require more space than is provided in the Preliminary Review Application, attach additional sheets of paper. Each additional sheet of paper should reference the question number and the page where the question is presented. If you would like to receive a copy of the preapplication in computer disk format, please send a DOS formatted 3 1/2" disk and a SASE to Venoo Chisholm. The address is listed on page V.

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**DEFINITION FOR SELECTED KEY TERMS**

**ACT -** The McCorquodale-Nielsen-Hauser Rural Renaissance Act of 1986, Chapter 2.5 (commencing with Section 15373) to Part 6.7 of Division 3 of Title 2 of the Government Code and 10 California Code of Regulations Sections 5300 et. seq.

**APPLICANT - ELIGIBLE COUNTIES AND CITIES**

1. The following counties and any cities within the counties:

ALPINE	KERN	MONO	SUTTER
BUTTE	KINGS	MONTEREY	TEHAMA
CALAVERASLAKE		PLUMAS	TRINITY
COLUSA	LASSEN	SAN BENITO	TULARE
DEL NORTE	MADERA	SAN JOAQUIN	TUOLUMNE
GLENN	MARIPOSA	SHASTA	YUBA
HUMBOLDT	MENDOCINO	SIERRA	
IMPERIAL	MERCED	SISKIYOU	
INYO	MODOC	STANISLAUS	

OR

2. A county, city with a project outside of an urbanized area (an area with a population density of at least 1,000 persons per square mile) anywhere in California;

OR

3. Any city with a population less than 100,000, located in the following counties:

AMADOR	RIVERSIDE	SANTA BARBARA	SONOMA
FRESNO	SAN BERNADINO	SANTA CRUZ	VENTURA
NAPA	SAN LUIS OBISPO	SOLANO	YOLO

**BOND -** Any type of financing, the proceeds of which is used to fund Loans.

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**BORROWER** - The entity which is eligible to receive funding from the Panel. A Borrower may be either:

- (1) An Applicant; or
- (2) A Special District located within the boundaries of an Applicant; provided, however, that if the boundaries of a Special District extend beyond those of a city or county, the boundaries of the Applicant which applies on behalf of such Special District shall encompass the area in which the Project is to be located.

**ENTERPRISE LOAN AGREEMENT** - A loan agreement between the Panel and a Borrower pledging repayment from a water, sewer or other enterprise system. The loan made pursuant to the Enterprise Loan Agreement will be used to finance improvements to the Borrower's enterprise system.

**LEASE DEBT** - Lease debt refers to debt instruments secured by lease payments. Sources of rentals payments by the lessee may vary from property taxes to general fund resources to revenues of an enterprise. For the foreseeable future, the only lease debt which can be financed is that by a borrower whose lease obligations are rated by Standard & Poor's Rating Group.

**LOAN** - Funding provided under the Act which will be repaid by the Borrower.

**LOAN AGREEMENT** - Any agreement entered into between the Panel and a Borrower for a Loan to provide funding for a Project on terms and conditions determined by the Panel.

**PARITY DEBT** - All interest, principal and other payments during the current fiscal year on any loans, bonds, notes, advances or indebtedness payable from and secured by a lien on the tax or system revenues.

**PRIVATE DEVELOPMENT** - The facilities of the identified private sector firm(s) clearly associated with the Project.

**PROJECT** - The public improvement by the Borrower, including but not limited to sewer and water facilities (including expansion of central plant capacity), street, storm drains, bridges, railroad spurs, utility connections or other infrastructure improvements necessary for industrial or commercial activity. Please note: Funds are currently only available for enterprise and tax increment loans.

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**SPECIAL DISTRICT** - A unit of local government in the state (other than a city, county or city and county) with authority or responsibility to own, operate or maintain a Project, including a joint powers authority.

**SYSTEM REVENUES** - For the current fiscal year, all revenues, user charges, fees or assessments received by the Borrower from the operation of the system which will include the project, but excluding the proceeds of any *ad valorem* tax.

**TAX INCREMENT LOAN AGREEMENT** - A loan agreement between the Panel and a Borrower redevelopment agency. The loan made pursuant to Tax Increment Loan Agreement will be used by the Borrower to finance a project within a project area, and will be repaid by the Borrower from the tax increment.

**TAX REVENUES** - For the current fiscal year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Borrower pursuant to the Redevelopment Law in connection with the project area where the project is located (excluding (a) the amount of such taxes required by the Redevelopment Law to be deposited in the housing fund), (b) amounts payable to affected taxing entities pursuant to the Redevelopment Plan and all pass through agreements, to the extent such payments are not subordinated to the Borrower's obligation to make payments pursuant to this Loan Agreement and (c) amounts, if any, received by the Borrower pursuant to Section 16111 of the Government Code), as provided in the Redevelopment Plan.

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**PRELIMINARY APPLICATION:**

REDIP applicants/borrowers must submit an original to:

VENOO CHISHOLM  
REDIP MANAGER  
OFFICE OF BUSINESS DEVELOPMENT  
CALIFORNIA TRADE AND COMMERCE AGENCY  
801 K STREET, SUITE 1700  
SACRAMENTO, CA 95814

and a copy to:

BROOKE BASSETT  
CHIEF COUNSEL  
LEGAL OFFICE  
CALIFORNIA TRADE AND COMMERCE AGENCY  
50 FREMONT STREET, SUITE 1420  
SAN FRANCISCO, CA 94105

REDIP applicants will be notified of project eligibility within 15 days after receipt of the preapplication. If the project is eligible, an application will be enclosed. Funding is available on a continuous basis until all the funds are committed, at which time it is estimated that another bond will be sold. The REDIP Panel intends to meet on a quarterly basis to consider loan applications.

Approved preapplication will be valid only for one year. If the applicant fails to submit a completed application during that time, a new preapplication will be required.



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**PAGE 1**

**REQUEST FOR PRELIMINARY REVIEW  
OF PROJECT ELIGIBILITY**

\_\_\_\_\_  
DATE

**1. APPLICANT/BORROWER INFORMATION**

a. Name of

Applicant: \_\_\_\_\_  
City/County

b. Name of Borrower if different than Applicant (If Borrower is  
a Special

District): \_\_\_\_\_

c. Contact

Person: \_\_\_\_\_

Title:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Telephone:

\_\_\_\_\_

FAX

#: \_\_\_\_\_

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2. PROJECT INFORMATION

- a. Loan amount requested:\_\_\_\_\_
- (Not to exceed \$1,000,000)
- b. Briefly describe the proposed public infrastructure project including the proposed sources and uses of funds for the project. Include preliminary cost estimates and completion date.
- c. Please describe the anticipated source of loan repayment (Tax Increment, Enterprise Funds or General Fund). Note: general fund can only be used if the Borrower's lease obligations are rated by Standard and Poor's Rating Group. Otherwise, source of repayment must be Tax Increment or Enterprise Funds.
- d. If source of repayment is general fund, please attach a copy of the Standard & Poor's rating for existing lease obligations of the borrower.
- e. Describe the location of the project and the private development. Include maps and diagrams which indicate the project's location and the location of the private development.

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- e. Applicant is eligible because (Please refer to the applicant definition at the beginning of the application):

\_\_\_\_\_Eligible county or city within an eligible county;

\_\_\_\_\_Project located outside an urbanized area;

\_\_\_\_\_City with population less than 100,000 in listed county.

3. PRIVATE DEVELOPMENT

- a. Describe the private development including the type of company (e.g. manufacturing, assembly, service, etc.), how long the company has been in business, present product(s) or service(s) and other pertinent information.

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b. Describe the construction or other activity which will comprise the private development.

c. Explain why the project is required in order to complete the private development (e.g. sewer system extension required for private development building permit).

**4. JOB CREATION/RETENTION**

a. The number of new private sector jobs (one job = 1750 hours/year of one or more employees) per \$50,000 of proposed funding to be created by the private development within two years\_\_\_\_\_.

b. The number of private sector jobs to be retained by the private development that would otherwise be lost in the absence of REDIP funding for the project \_\_\_\_\_.